



[SEC File No. 270-441, OMB Control No. 3235-0497]

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available From:
Securities and Exchange Commission
Office of FOIA Services
100 F Street, NE
Washington, DC 20549-2736

Extension: Rule 15c3-4

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) (“PRA”), the Securities and Exchange Commission (“Commission”) has submitted to the Office of Management and Budget (“OMB”) a request for approval of extension of the previously approved collection of information provided for in Rule 15c3-4 (17 CFR. 240.15c3-4) (the “Rule”) under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.).

Rule 15c3-4 requires certain broker-dealers that are registered with the Commission as OTC derivatives dealers, or who compute their net capital charges under Appendix E to Rule 15c3-1 (17 CFR 240.15c3-1) (“ANC firms”), to establish, document, and maintain a system of internal risk management controls. In addition, security-based swap dealers (“SBSDs”) that are subject to Rule 18a-1 (17 CFR 240.18a-1) must comply with Rule 15c3-4 as if they were OTC derivatives dealers. The Rule sets forth the basic elements for an OTC derivatives dealer, an ANC firm, or an SBSD to consider and include when establishing, documenting, and reviewing its internal risk management control system, which is designed to, among other things, ensure the integrity of an OTC derivatives dealer’s, an ANC firm’s or an SBSD’s risk measurement, monitoring, and management process, to clarify accountability at the appropriate organizational level, and to define the permitted scope of the firm’s activities and level of risk. The Rule also requires that management of an OTC derivatives dealer, an ANC firm, or an SBSD must periodically review, in accordance with written procedures, the firm’s business activities for consistency with its risk management guidelines.

The staff estimates that the average amount of time a new firm subject to Rule 15c3-4 will spend establishing and documenting its risk management control system is approximately 2,000 hours

(666.666667 hours per year when annualized over three years) and that, on average, an existing firm subject to Rule 15c3-4 will spend approximately 200 hours each year to maintain (e.g., reviewing and updating) its risk management control system. Currently, five firms are registered with the Commission as OTC derivatives dealers, five as ANC firms, and one as an SBSB. The staff estimates that approximately two new additional entities may register as OTC derivatives dealers, one new entity may register as an ANC firm, and two new entities may register as SBSBs subject to the requirements of Rule 15c3-4 within the next three years. Thus, the estimated annual burden would be 2,200 hours for the eleven existing firms (five OTC derivatives dealers, five ANC firms, and one SBSB) currently required to comply with Rule 15c3-4 to maintain their risk management control systems,¹ 3,333 hours for the five new firms (two new OTC derivatives dealers, one new ANC firm, and two new SBSBs) to establish and document their risk management control systems,² and 1,000 hours for the five new firms (two new OTC derivatives dealers, one new ANC firm, and two new SBSBs) to maintain their risk management control systems.³ Accordingly, the staff estimates the total annual burden associated with Rule 15c3-4 for the 16 respondents (nine OTC derivatives dealers, six ANC firms, and five SBSBs) will be approximately 6,533 hours per year.

The records required to be made pursuant to the Rule and the results of the periodic reviews conducted under paragraph (d) of Rule 15c3-4 must be preserved under Rule 17a-4 of the Exchange Act (17 CFR 240.17a-4) for a period of not less than three years, the first two years in an easily accessible place. The Commission will not generally publish or make available to any person notices or reports received pursuant to the Rule. The statutory basis for the Commission's refusal to disclose such information to the public is the exemption contained in section (b)(4) of the Freedom of Information Act (5 U.S.C. 552), which essentially provides that the requirement of public dissemination does not apply to commercial or financial information which is privileged or confidential.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

¹ (200 hours x 11 firms) = 2200.

² ((2,000 hours/3 years) x 5 firms) = 3,333.

³ (200 hours x 5 firms) = 1000.

The public may view background documentation for this information collection at the following website: www.reginfo.gov. Find this particular information collection by selecting "Currently under 30-day Review - Open for Public Comments" or by using the search function. Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to

(i) www.reginfo.gov/public/do/PRAMain and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street, NE, Washington, DC 20549, or by sending an e-mail to: PRA_Mailbox@sec.gov.

Dated: March 18, 2022.

J. Matthew DeLesDernier,
Assistant Secretary.

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